

Exensys Software Solutions Ltd.		AA/B/CCDD V x.y
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**Best Practice**  
**eXensys – Indian Localization®**



**Business Performance Sustained**

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## Introduction:

Business organizations working within India are required to comply with country specific regulations and business common practices to handle daily business transactions and operations to meet their legal obligations for in-country activities. Non-adherence to these rules and regulations can lead to severe consequences for a company. This document covers the Value Added Tax (VAT) & Central Sales tax (CST)

## Overview:

Exensys is an ERP solution that manages multiple business processes of your company. To enhance these business processes and to ensure regulatory compliance, ERP systems need to address local requirements for a specific country. The process of adapting the software to the local requirement is called Localization. Localization for tax processing and reporting and others are provided to customers in India using the Exensys Localization for India solution. <sup>®</sup>

In India, two types of taxes are applicable on sale of goods Vat & CST. Exensys Indian localization fulfills all the requirement of local rules & regulation.

### Value Added Tax (VAT)

VAT is state level tax which is applicable on sale of goods within the state .VAT is an indirect tax, which is applicable on sale of goods. VAT is a refundable tax (subject to rules & regulation) on which tax credit can be availed.

VAT is a simplified and transparent system of tax in which tax is levied on the value additions, at each stage in the production-distribution with provision of set-off of tax paid on earlier stage.

"Input tax" means tax paid or payable by a registered dealer in the course of business, on the purchase of any goods made from a registered dealer

"Out put tax" means the tax charged or chargeable under this Act by a registered dealer in respect of the sale of goods in the course of his business

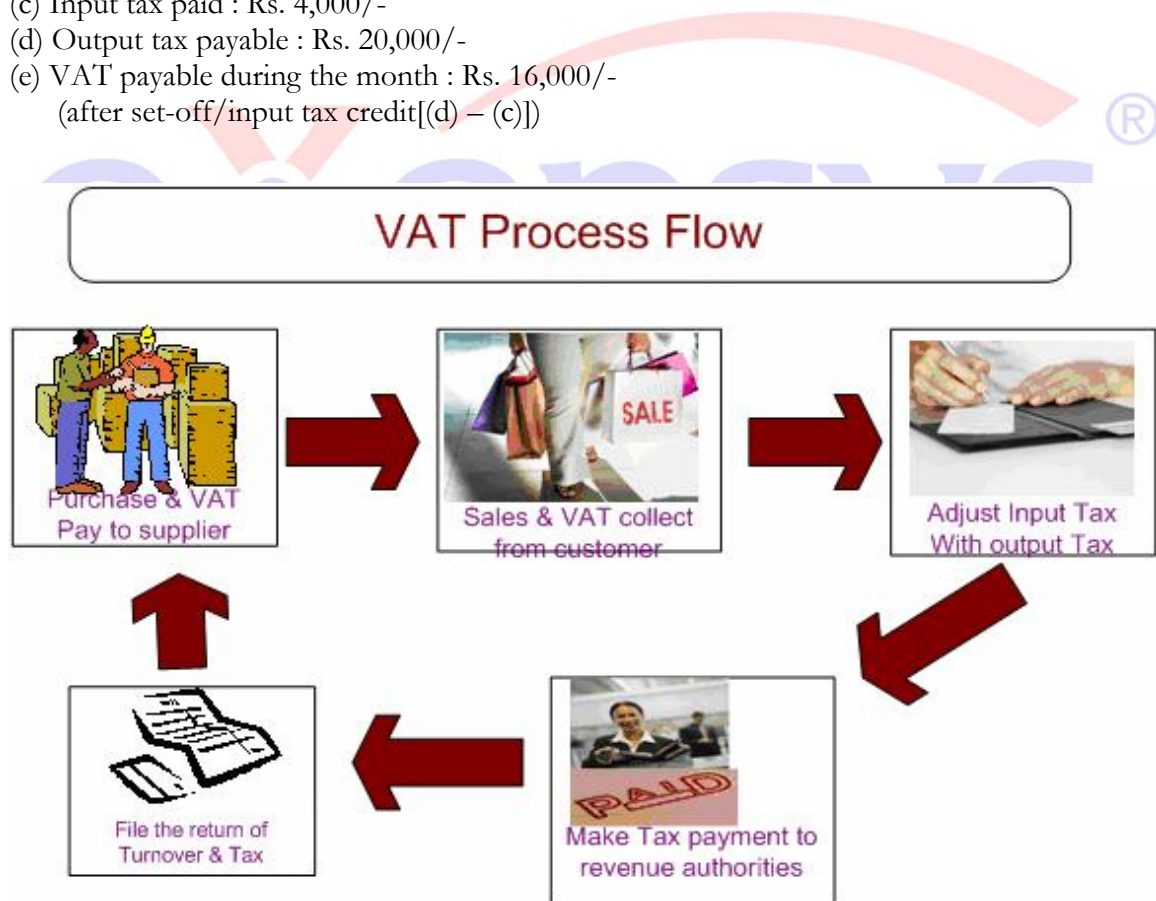
Vat rates are depends on status, type of consumption, commodity etc as per given in the act. Every registered dealer will issue an invoice at the time of sale & will collect Tax from buyer, if applicable. Dealer need to deposit due amount on due date & file a return of turnover on periodically basis as required by law.

The essence of VAT is in providing set-off for the tax paid earlier, and this is given effect through the concept of input tax credit/rebate. This input tax credit in relation to any period means setting off the amount of input tax by a registered dealer against the amount of his output tax. The Value Added Tax (VAT) is based on the value addition to the goods, and the related VAT liability of the dealer is calculated by deducting input tax credit from tax collected on sales during the payment period (say, a month If, for example),

Input worth Rs. 1,00,000/- is purchased  
 And sales are worth Rs. 2,00,000/- in a month, and input tax rate and output tax rate are 4% and 10% respectively, then input tax

Credit/set-off and calculation of VAT will be as shown below:

- (a) Input purchased within the month : Rs. 1,00,000/-
- (b) Output sold in the month : Rs. 2,00,000/-
- (c) Input tax paid : Rs. 4,000/-
- (d) Output tax payable : Rs. 20,000/-
- (e) VAT payable during the month : Rs. 16,000/-  
 (after set-off/input tax credit[(d) – (c)])



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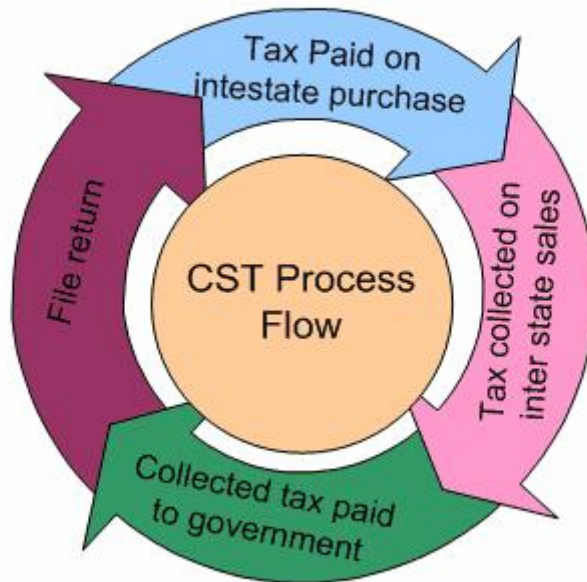
### Central Sales Tax-

CST is central level tax that is applicable on sale of goods out of the state .CST is an indirect tax.

CST is non-refundable tax. Every registered dealer need to pay collected tax on due date & file the return of turnover on periodically basis as per statue.

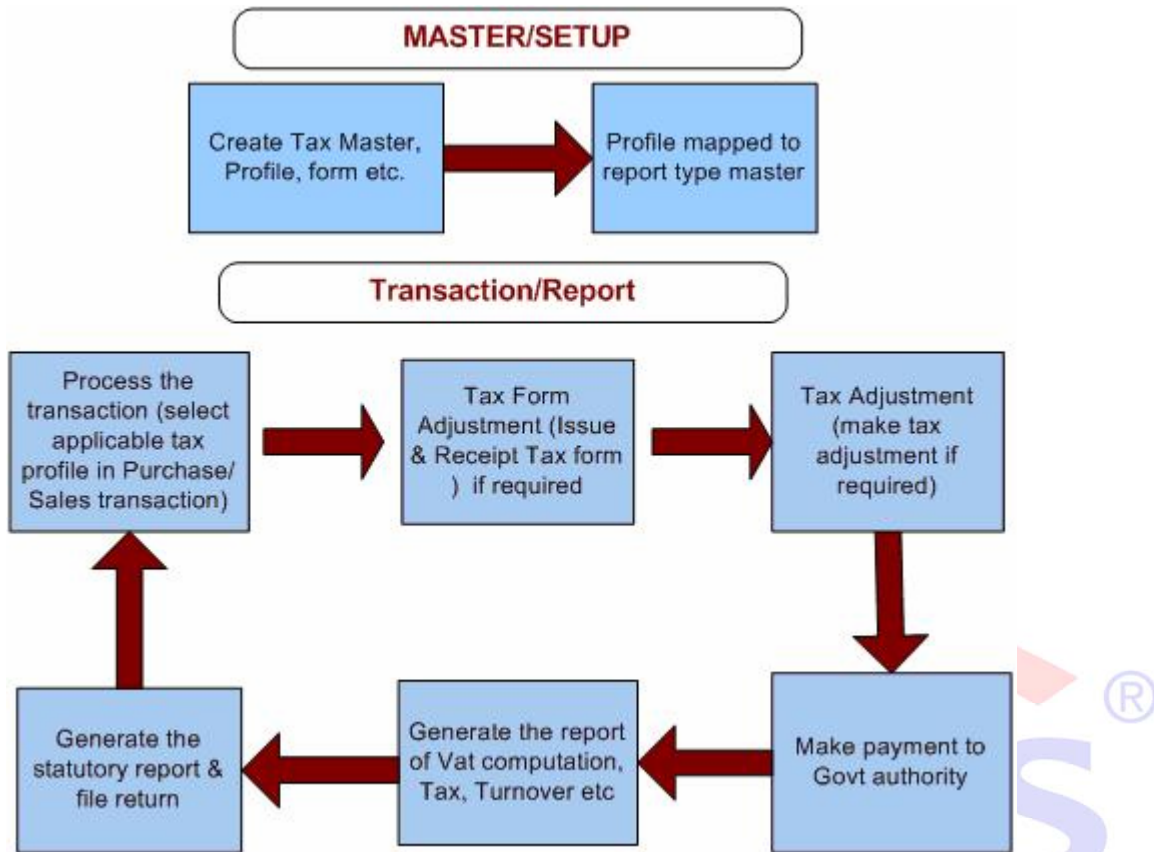
Example – Purchase invoice -1000, CST 4%,  
Sales Invoice- 2000, CST 4%

CST on purchase paid to vendor & no refund is available, Purchase booked by 1040.  
CST collected on sale rs 80 , Sale booked by 2000 & CST liability 80 rs, Paid CST amount (80 Rs) to government.



### Exensys Indian localization:-VAT & CST

1. Create Tax Master
2. Mapping report type master
3. Process the Sale & purchase transaction with tax
4. Make the Tax adjustment
5. Tax Remittance
6. Issue & Receive Tax Form ( Tax form Adjustment)
7. Generate the report & file the return



The localization development strategy is to produce a flexible product that allows companies to address future government enhancements. For example, it allows you to easily change tax rates and percentages. It even lets you add additional tax types if the government of India introduces new taxes in the future.

### Key Feature:

1. Automatically calculate VAT/CST on sale & purchase
2. Tax calculation on row level & document level
3. Fulfill every type of requirement absolute Tax & variable tax
4. Tax adjustment to ensure consistency between external documents and internal accounting
5. Automate calculate Input Tax, Output Tax & Input tax credit
6. Tax from issue, receipt & adjustment
7. State wise Predefined Vat & CST reports with annexure
8. Fully integrated with other process/module
9. Reports for Tax form issued, received, Receivable & To be issued
10. Consider works contract, Exemption, abatement etc.
11. Predefined state wise Tax challan for Tax payment
12. Multiple reports for reconciliation & analysis of turnover & tax
13. Vat credit adjustment with CST liability.

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### Benefits:

- Flexible and Extensible for New/Change Government Rules and Regulations
- Adhere to local laws & regulation of India
- Fully integrated with all exensys module/Process
- Addresses local requirement to make the system useful in the country
- Comprehensive pre-built reporting capabilities specific for India
- Simplified procedure to generate reports, No additional training required
- Allow the Tax adjustment to ensure consistency between external documents and internal accounting
- Automated calculation of input tax credit
- User-friendly Tax formula, Tax calculation

### Conclusion:

With Exensys- Localization for India solution you combine the power of proven and global ERP business software with country specific and integrated adaptations that address local needs to run your enterprise in India. Exensys Localization for India is built using the same toolset as the rest of the module/process. This provides a common look and feel of the deployed solution that matches every exensys module used by your company which in turn reduces deployment, support and training costs while increasing user productivity and team flexibility.

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